

Rao, Geetha

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**From:** Grewe, Maureen  
**Sent:** Thursday, May 24, 2001 9:33 AM  
**To:** Radelet, Steve; Mills, Marshall; Rao, Geetha  
**Subject:** RE: Enron/India

We heard from them on the trip that they are proceeding with the legal route for termination, though using the six month window that provides to continue negotiations with the GOI. There was a meeting set up with Enron/GOI including a central gov't representative sometime late this week.

-----Original Message-----

**From:** Radelet, Steve  
**Sent:** Monday, May 21, 2001 3:06 PM  
**To:** Grewe, Maureen; Mills, Marshall; Rao, Geetha  
**Subject:** Enron/India

FYI.....

ENRON TO QUIT INDIAN POWER PROJECT OVER UNPAID BILLS. The US power company Enron is set to withdraw from India after a row over unpaid bills that has overshadowed the country's biggest single foreign direct investment, the Financial Times reports (p.12). The Houston-based company has issued a "preliminary termination notice" to its Bombay client, the Maharashtra State Electricity Board (MSEB), ending an acrimonious eight-year relationship.

Enron's \$2.9 billion power project near Bombay was a symbol of India's economic reforms but critics, including the World Bank, said its tariffs were excessive and the company was portrayed as a profiteering multinational. Enron's announcement at the weekend concludes a disappointing chapter in the history of India's power sector, which lies at the heart of attempts to improve growth and ease poverty, the story notes.

Enron's tariff is typically three times higher than that of other independent power producers because of the high cost of naphtha and a depreciation of the rupee against the dollar. Enron employs 11,000 people in India, the FT adds.